

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
W.R. Grace & Co., <u>et al.</u> ,)	Case No. 01-01139 (JKF)
)	(Jointly Administered)
)	
Debtors.)	Objection Deadline: May 25, 2004
		Hearing Date: June 21, 2004 @ 12:00 P.M.

**SUMMARY OF THE ELEVENTH INTERIM QUARTERLY APPLICATION OF
LUKINS & ANNIS, P.S.¹ FOR COMPENSATION FOR SERVICES AND
REIMBURSEMENT OF EXPENSES AS ZAI ADDITIONAL SPECIAL COUNSEL FOR
THE INTERIM PERIOD FROM OCTOBER 1, 2003 THROUGH DECEMBER 31, 2003**

Name of Applicant:	Lukins & Annis, P.S.
Authorized to Provide Professional Services to:	Zonolite Attic Insulation Claimants
Date of Appointment:	Appointment Order effective As of July 22, 2002
Period for which compensation and Reimbursement is sought:	October 1, 2003 through December 31, 2003
Amount of Compensation sought as actual, Reasonable, and necessary:	\$17,860.00
Amount of Expenses Reimbursement:	\$ 641.90
This is a: <input type="checkbox"/> monthly <input checked="" type="checkbox"/> quarterly application	
Prior Application filed: Yes	

¹ L&A became counsel in this matter over a year after it was filed. To conform with the titles of the quarterly applications being filed by the firms who have been in the case since its inception, L&A is titling this the "Eleventh" Interim Quarterly Application, (although it is actually L&A's sixth such application).

Period Covered	Date Filed	Requested Fees	Requested Expenses	Approved Fees	Approved Expenses
10/01/03 – 10/31/03	March 10, 2004	\$ 13,755.00	\$ 335.38	No Objections Filed	No Objections Filed
11/01/03 – 11/30/03	April 22, 2004	\$ 3,497.00	\$ 193.59	Pending	Pending
12/01/03 – 12/31/03	April 26, 2004	\$ 608.00	\$ 112.93	Pending	Pending

The objection deadline for the L&A Monthly Application for fees and expenses incurred for the periods of November 1, 2003 through November 30, 2003 and December 1, 2003 through December 31, 2003, has not yet passed.

The Lukins & Annis attorneys who rendered professional services in these cases during the Fee Period are:

Name of Professional Person	Position with the applicant	Number of years as an attorney	Department	Hourly Billing Rate	Total billed hours	Total compensation
Darrell W. Scott	Partner	14	Litigation	\$390	12.80	\$4,992.00
Kelly E. Konkright	Associate	2	Litigation	\$130	9.70	\$819.00
TOTALS					22.50	\$5,811.00

The paraprofessionals who rendered professional service in these cases during the Fee Period are:

Name of Professional Person	Position with the applicant	Number of years in position	Department	Hourly Billing Rate	Total billed hours	Total compensation
Kristy L. Bergland	Paralegal	24	Litigation	\$160	47.60	\$7,616.00
Samantha Simatos	Legal Asst.	11	Litigation	\$90	5.00	\$450.00
Elizabeth Rutherford	Legal Asst.	8	Litigation	\$70	56.90	\$3,983.00
TOTALS					109.50	\$12,049.00

Compensation by Project Category

Category	Total Hours	Total Fees
20-Travel-Non-working	6.80 Hours	\$ 442.00
22-ZAI Science Trial	125.20 Hours	\$17,418.00
TOTALS	132.00 Hours	\$17,860.00

ZAI Science Trial Expenses (Category 23)

Description	Amount
Computer Assisted Legal Research	
Telephone Expense	\$ 81.37
Telephone Expense – Outside	
Facsimile (\$1.00 per page)	
Postage Expense	\$ 3.95
Courier & Express Carriers	
In-House Duplicating / Printing (\$.15 per page)	\$ 412.20
Outside Duplicating / Printing (color photocopies)	
Lodging	
Transportation	
Air Travel Expense	
Taxi Expense	
Mileage Expense	\$ 110.88
Travel Meals	\$ 8.50
Parking	
General Expense	
Expert Services	\$ 25.00
Books/Videos	
Other (Explain)	
(Deposition Transcripts)	
Total:	\$ 641.90

Dated: May 5, 2004

ELZUFON AUSTIN REARDON
TARLOV & MONDELL, P.A./s/ William D. Sullivan

William D. Sullivan (Bar No. 2820)
Charles J. Brown, III (Bar No. 3368)
300 Delaware Avenue, Suite 1700
P.O. Box 1630
Wilmington, DE 19899
Phone: (302) 428-3181
FAX: (302) 777-7244

-and-

Darrell W. Scott, Esq..
Lukins & Annis, P.S.
717 W. Sprague Avenue, Suite 1600
Spokane, WA 99201
Phone: (509) 455-9555
FAX: (509) 747-2323

Additional Special Counsel for ZAI Claimants

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**ELEVENTH INTERIM QUARTERLY APPLICATION OF LUKINS & ANNIS, P.S.²
FOR COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES AS
ZAI ADDITIONAL SPECIAL COUNSEL FOR THE INTERIM PERIOD FROM
OCTOBER 1, 2003 THROUGH DECEMBER 31, 2003**

Pursuant to Sections 327, 330 and 331 of Title 11 of the United States Code (as amended, the “Bankruptcy Code”), Fed. R. Bankr. P. 2016, the Appointment Order (as defined below), the Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Interim Compensation Order”), the Amended Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Professionals and Official Committee Members (the “Amended Interim Compensation Order” and collectively with the Interim Compensation Order, the “Compensation Order”) and Del.Bankr.LR 2016-2, the law firm of Lukins & Annis, P.S. (“Applicant” or “L&A”), ZAI Additional Special Counsel, hereby applies for an order allowing it: (i) compensation in the amount of \$17,860.00 for the reasonable and necessary legal services L&A has rendered; and (ii) reimbursement for the actual and necessary expenses L&A has incurred in the amount of \$641.90 (the “Eleventh Interim Quarterly Fee Application”), for the interim quarterly period from October 1, 2003 through

² L&A became counsel in this matter over a year after it was filed. To conform with the titles of the quarterly applications being filed by the firms who have been in the case since its inception, L&A is titling this the “Eleventh” Interim Quarterly Application, (although it is actually L&A’s sixth such application).

December 31, 2003 (the “Fee Period”). In support of this Application, L&A respectfully states as follows:

Background

Retention of L&A

1. On April 2, 2001 (The “Petition Date”), the Debtors each filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code (collectively, the “Chapter 11 Cases”). On April 2, 2001, the Court entered an order procedurally consolidating the Chapter 11 Cases for administrative purposes only. Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
2. By this Court’s order effective as of July 22, 2002, L&A was appointed as ZAI Additional Special Counsel to prosecute the ZAI “Science Trial” issues on behalf of the ZAI Claimants’ position against Debtors’ position (the “Appointment Order”). The Appointment Order authorizes a total budget for ZAI Counsel of \$1.5 million in fees and \$500,000 in expenses for prosecuting the Science Trial, against which L&A may be compensated for legal services at its hourly rates as specified to the Court, and for actual and necessary out-of-pocket expenses incurred, subject to application to this Court in accordance with the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and all applicable local rules and orders of this Court³. On May 3, 2001, this Court entered the Interim Compensation Order and entered the Amended Interim Compensation Order on April 17, 2002. On July 28, 2003, the Court entered an Order authorizing an additional budget of \$950,000.00 per side for additional attorney fees and expenses.

Monthly Interim Fee Applications Covered Herein

3. Pursuant to the procedures set forth in the Compensation Order, professionals may apply for monthly compensation and reimbursement (each such application, a “Monthly Fee Application”) subject to any objections lodged by the Notice Parties, as defined in the Compensation Order. If no objection is filed to a Monthly Fee Application within twenty (20) days after the date of service of the Monthly Fee Application, the applicable professional may submit to the Court a certification of no objection whereupon the Debtors are authorized to pay interim compensation and reimbursement of 80% of the fees and 100% of the expenses requested.
4. Furthermore, and also pursuant to the Compensation Order, professionals are to file and serve upon the notice parties a quarterly request (a “Quarterly Fee Application”) for interim Court approval and allowance of the Monthly Fee Applications filed during the quarter covered by that Quarterly Fee Application. If the Court grants the relief requested by the Quarterly Fee Application, the Debtors are authorized and directed to pay the professional 100% of the fees and expenses requested in the Monthly Fee Applications covered by that Quarterly Fee Application less any amounts previously paid in connection with the Monthly Fee Applications. Any payment made pursuant to the Monthly Fee Applications or a Quarterly Fee Application is subject to final approval of all fees and expenses at a hearing on the professional’s final fee application.
5. This is the Sixth Interim Quarterly Fee Application that L&A has filed with the Bankruptcy Court in connection with these Chapter 11 Cases. (see Footnote 1).

³ The rates billed by L&A are within the range of rates previously identified to the Court which were the current hourly rates at that time. L&A lawyers and professionals are being billed at rates commensurate with their experience and in the same range as other firms are billing in this bankruptcy.

6. L&A has filed the following Monthly Fee Applications for interim compensation during this Fee Period:
 1. Applications of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Periods of October 1, 2003 through October 31, 2003 (the “October Fee Application”) filed March 10, 2004 attached hereto as Exhibit A.
 2. Applications of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Periods of November 1, 2003 through November 30, 2003 (the “November Fee Application”) filed April 26, 2004 attached hereto as Exhibit B.
 3. Applications of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Periods of December 1, 2003 through December 31, 2003 (the “December Fee Application”) attached hereto as Exhibit C.
7. The period for objecting to the fees and expense reimbursement requested in the October – December Fee Applications has not yet expired.
8. During the Fee Period, L&A has prepared for the ZAI Science Trial as detailed in the Application.

Requested Relief

9. By this Eleventh Interim Quarterly Fee Application, L&A requests that the Court approve the interim allowance of compensation for professional services rendered and the reimbursement of actual and necessary expenses incurred by L&A for the Fee Period as detailed in the Application, less any amounts previously paid to L&A pursuant to the Application and the procedures set forth in the Compensation Order. The full scope of

services provided and the related expenses incurred are fully described in the October Fee Application, November Fee Application and December Fee Application.

Disinterestedness

10. With the exception of its representation of asbestos claimants, L&A does not hold or represent any interest adverse to the estates as stated in the Affidavit of Darrell W. Scott in Support of the Application of the Asbestos Property Damage Committee to Retain Special Counsel, filed June 7, 2002.
11. In addition, L&A may have in the past represented, may currently represent, and likely in the future will represent parties-in-interest in connection with matters unrelated to the Debtors and the Chapter 11 Cases.

Representations

12. L&A believes that the Application is in compliance with the requirements of Del.Bankr.LR 2016-2.
13. L&A performed the services for which it is seeking compensation under its Court Appointment effective as of July 22, 2002.
14. During the Fee Period, L&A has received no payment, nor has it received any promises for payment, from any other source for services rendered or to be rendered in any capacity whatsoever in connection with these Chapter 11 Cases.
15. Pursuant to Fed. R. Bank. P. 2016(b), L&A has not shared, nor has it agreed to share: (a) any compensation it has received or may receive with another party or person other than with the partners, counsel and associates of L&A; or (b) any compensation another person or party has received or may receive in connection with the Chapter 11 Cases.
16. Although every effort has been made to include all fees and expenses from the Fee Period in the Application, some fees and expenses from the Fee Period might not be included in

the Application due to accounting and processing delays. L&A reserves the right to make further application to the Court for allowance of fees and expenses for the Fee Period not included herein.

WHEREFORE, L&A respectfully requests that the Court enter an order providing: (a) that for the Fee Period an administrative allowance be made to L&A in the sum of (i) \$17,860.00 as compensation for reasonable and necessary professional services, and (ii) \$641.90 for reimbursement of actual and necessary costs and expenses incurred (for a total of \$18,501.90); (b) that the Debtors be authorized and directed to pay to L&A the outstanding amount of such sums less any sums previously paid to L&A pursuant to the Application and the procedures set forth in the Compensation Order; and (c) that this Court grant such further relief as is equitable and just.⁴

Dated: May 5, 2004

ELZUFON AUSTIN REARDON
TARLOV & MONDELL, P.A.

/s/ William D. Sullivan

William D. Sullivan (Bar No. 2820)
Charles J. Brown, III (Bar No. 3368)
300 Delaware Avenue, Suite 1700
P.O. Box 1630
Wilmington, DE 19899
Phone: (302) 428-3181
FAX: (302) 777-7244

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Darrell W. Scott, Esq..
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Additional Special Counsel for ZAI Claimants

⁴ L&A recognizes that payment of some of the amount requested herein is contingent on the Court increasing the current ZAI Science Trial budget.

CERTIFICATE OF SERVICE

I, William D. Sullivan, certify I caused a copy of the foregoing *Eleventh Interim Quarterly Application of Lukins & Annis, P.S. for Compensation for Services and Reimbursement of Expenses as ZAI Additional Special Counsel for the Interim Period from October 1, 2003 through December 31, 2003* to be served upon those parties identified on the attached service list via United States Mail, postage prepaid or hand delivery.

I certify the foregoing to be true and correct under the penalty of perjury.

Dated: Wilmington, Delaware
May 5, 2004

/s/ William D. Sullivan
WILLIAM D. SULLIVAN

SERVICE LIST

Laura Davis Jones, Esquire
David Carickoff, Esquire
Pachulski, Stang, Ziehl, Young & Jones
919 North Market Street, 16th Floor
Wilmington, DE 19899-8705

Hamid R. Rafatjoo, Esquire
Pachulski, Stang, Ziehl, Young & Jones
10100 Santa Monica Boulevard
Los Angeles, CA 90067-4100

David M. Bernick, Esquire
James Kapp, III, Esquire
Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601

David B. Seigel
W.R. Grace and Co.
7500 Grace Drive
Columbia, MD 21044

Michael R. Lastowski, Esquire
Duane Morris & Heckscher LLP
1100 North Market Street, Suite 1200
Wilmington, DE 19801-1246

Lewis Kruger, Esquire
Stroock & Stroock & Lavan LLP
180 Maiden Lane
New York, NY 10038-4982

William S. Katchen, Esquire
Duane, Morris & Heckscher LLP
One Riverfront Plaza, 2nd Floor
Newark, NJ 07102

J. Douglas Bacon, Esquire
Latham & Watkins
Sears Tower, Suite 5800
Chicago, IL 60606

Steven M. Yoder, Esquire
The Bayard Firm
222 Delaware Avenue, Suite 900
P.O. Box 25130
Wilmington, DE 19899

Michael B. Joseph, Esquire
Ferry & Joseph, P.A.
824 Market Street, Suite 904
P.O. Box 1351
Wilmington, DE 19899

Scott L. Baena, Esquire
Bilzin Sumberg Dunn Baena
Price & Axelrod, LLP
First Union Financial Center
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131

Matthew G. Zaleski, III, Esquire
Campbell & Levine
800 King Street, Suite 300
Wilmington, DE 19801

Elihu Inselbuch, Esquire
Rita Tobin, Esquire
Caplin & Drysdale, Chartered
399 Park Avenue, 27th Floor
New York, NY 10022

Peter Van N. Lockwood, Esquire
Julie W. Davis, Esquire
Trevor W. Swett, III, Esquire
Nathan D. Finch, Esquire
Caplin & Drysdale, Chartered
One Thomas Circle, N.W.
Washington, DC 20005

Teresa K.D. Currier, Esquire
Klett, Rooney, Lieber & Schorling
1000 West Street, Suite 1410
Wilmington, DE 19801

Philip Bentley, Esquire
Kramer Levin Naftalis & Frankel LLP
919 Third Avenue
New York, NY 10022

Frank J. Perch, Esquire
Office of the United States Trustee
844 King Street, Room 2313
Lockbox 35
Wilmington, DE 19801

Mark D. Collins, Esquire
Deborah E. Spivack, Esquire
Richards, Layton & Finger, P.A.
One Rodney Square
P.O. Box 551
Wilmington, DE 19899

James J. Restivo, Jr., Esquire
Reed Smith LLP
435 Sixth Avenue
Pittsburgh, PA 15219-1886

William J.A. Sparks, Esquire
W.R. Grace & Company
919 N. Market, Suite 460
Wilmington, DE 19899

Warren H. Smith
Warren H. Smith and Associates
900 Jackson Street
120 Founders Square
Dallas, TX 75202